



DEPARTMENT OF THE ARMY
HEADQUARTERS, 19TH THEATER SUPPORT COMMAND
UNIT #15015
APO AP 96218-5015

REPLY TO
ATTENTION OF:

EANC-GS-LS

13 DEC 2004

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Command Policy Letter #55 - Management Controls and Investigations for the Government Purchase Card (GPC) Program

1. REFERENCES:

- a. 19th TSC Pam 715-1, Government Purchase Card (GPC) Standing Operating Procedures (SOP), 9 Jul 04.
- b. Memo, USFK, FKAQ, 11 Mar 04, subject: Government Purchase Card (GPC) Program – Management Controls and Investigations. (Encl 1)
- c. USACCK Standing Operating Procedure for USFK, Supplement to the Department of the Army Government Purchase Card Standing Operating Procedures for USFK, 3 Jul 03.
- d. DA Government Purchase Card Standing Operating Procedure, 31 Jul 02. Available at <http://aca.saalt.army.mil/army>.

2. APPLICABILITY: All units with GPC users in the 19th Theater Support Command (TSC).

3. PURPOSE: This policy provides guidance and procedures for management controls and investigations pertaining to the GPC Program.

4. RESPONSIBILITY: Staffs or Commanders of addressees will appoint a person to be a reviewing official who will conduct their internal GPC account reviews and investigate any apparent GPC misuses, IAW 1a and 1b on a quarterly basis:

- a. Reviewing official in HQ, 19th TSC will provide completed copies of all reviews to the ACoS, G4 (EANC-GS-LS), NLT 10 Jan, Apr, Jul, and Oct.
- b. The ACoS, G4 will consolidate all staff offices' copies into HQ, 19th TSC report and submit to the Director of Contracting (SFCA-KC-GPC), U.S. Army Contracting Command Korea (USACCK), Unit #15289, APO AP 96205-5289 NLT 20 Jan, Apr, Jul, and Oct.
- c. Reviewing official in the 20th, 23d, and 501st Support Groups and US Army Materiel Support Center, Korea will submit completed copies of all reviews to the Director of Contracting (SFCA-KC-GPC), US Army Contracting Command Korea (USACCK), Unit #15289,

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APO AP 96205-5289 and ACoS, G4 (EANC-GS-LS), 19th TSC, Unit #15015, APO AP 96218-5015 NLT 20 Jan, Apr, Jul, and Oct.

d. Investigate apparent misuse using the procedures in paragraph 5 below.

5. REVIEW PROCEDURES:

a. If a reviewing official discovers an apparent GPC misuse (such as an illegal, incorrect, or improper payment), the reviewing official shall request in writing the billing official and/or cardholder to provide justification, clarification, and other documents to rebut the apparent misuse. This request will set a reasonable suspense by which the respondent must provide a response, if any, and will include a statement as follows: "Misuse of the GPC may result in criminal, civil, Uniform Code of Military Justice, administrative, and disciplinary actions as appropriate. Therefore, any response you provide may be used as evidence against you should any such adverse administrative or disciplinary actions be pursued. You are not required to respond to this request, and you may consult with an attorney prior to responding."

b. If the misuse is sufficiently rebutted, the reviewing official shall prepare a report describing the apparent misuse and the information that was provided to rebut that concern.

c. If the misuse is not sufficiently rebutted, the reviewing official shall notify, in writing, the appropriate Staff or Commander of the person(s) under review. The reviewing official shall also notify the Director of Contracting, USACCK, in writing, who will determine whether to suspend the affected account.

d. The Staff or Commander will investigate the apparent misuse using the guidelines in paragraph 4 of reference 1b above. If the apparent GPC misuse appears substantial or far-reaching, the Staff or Commander should request criminal investigative assistance from the US Army Criminal Investigation Command and inform the USACCK GPC Program Office, the 19th TSC G4, the Internal Review Office, and the Resource Management Office.

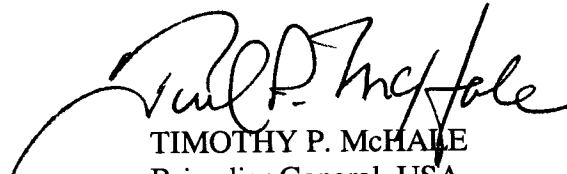
6. A checklist (Encl 2) is provided based on Appendix G (Sample Unit SOP for GPC Program) and Attachment 9 (GPC Billing Official's Monthly Review Checklist) from reference 1c, Appendix E (section A - Review of Billing Official Account and section B - Review of Cardholder Account) from reference 1c, and paragraph 1c above (USACCK SOP) to assist Staffs and Commanders in reviewing their GPC accounts. The checklist is not intended to cover all management controls. Units and activities may create stricter management controls as needed.

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7. The POC is SFC Allen/Ms. Hong, 768-7879/7117.

2 Encls
as



TIMOTHY P. McHALE
Brigadier General, USA
Commanding

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Property Book Office (EANC-T-OPBO), 20th Support Group, Unit 15494, APO AP 96218-5494

Property Book Office (EANC-AS-PBO), 23d Support Group, Unit 15228, APO AP 96271-5228

Property Book Office (EANC-YG-PBO), 501st Corps Support Group, Unit 15303,

APO AP 96258-5303

Property Book Office (EANC-MSC-DP), US Army Materiel Support Center, Korea, Unit 15384,

APO AP 96260-5384



HEADQUARTERS, UNITED STATES FORCES, KOREA
UNIT #15237
APO AP 96205-5237

REPLY TO
ATTENTION OF
FKAQ

11 March 2004

Memorandum FOR SEE DISTRIBUTION

SUBJECT: Government Purchase Card (GPC) Program – Management Controls and Investigations

1. References:

- a. Title 31 U.S.C. § 3528, Responsibilities and Relief from Liability of Certifying Officials.
- b. DoD 7000.14-R (Financial Management Regulation Vol 5, Chapter 33).
- c. Army Regulation 11-2, Management Control, 1 August 1994.
- d. DA Standing Operating Procedure (SOP), Government Purchase Card, 31 July 2002. Available at Army Purchase Card Program - <http://aca.saalt.army.mil/army>. At the web page, under What's New, click Army SOP.
- e. U.S. Army Contracting Command Korea, Government Purchase Card SOP for USFK, 3 July 2003. Available at <http://cckweb.korea.army.mil/gpc/apps/main.cfm>.
- f. Memorandum, Office of the Under Secretary of Defense (Personnel and Readiness), 21 April 2003, subject: Government Charge Card Disciplinary Guide For Civilian Employees.
- g. Memorandum, Department of Defense Inspector General, 25 September 2002, subject: Guidance for the Investigation of Fraud, Waste, and Abuse Involving the Use of Purchase Cards and Travel Cards.
- h. Memorandum, Assistant Secretary of Defense (Command, Control, Communications and Intelligence), 4 November 2002, subject: Suspension of Access to Classified Information Due to Abuse or Misuse of Government Charge Cards.

2. This memorandum clarifies roles and responsibilities of the USFK GPC Program. The GPC program, because of its decentralized nature, is susceptible to instances of fraud, waste, and abuse. In order to strengthen the management of the GPC program and properly safeguard the program from fraud, waste, and abuse, all USFK activities participating in the GPC program shall follow the guidance in this memorandum and the references cited herein.

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3. Misuse of the GPC includes any illegal, incorrect, or improper payments (referred to as erroneous payments), unauthorized purchases and violations of law, regulation or policy governing the GPC program. Misuse of the GPC may result in criminal, civil, Uniform Code of Military Justice, administrative, and disciplinary actions as appropriate. Administrative and disciplinary actions include, but are not limited to, suspension or termination of an account; pecuniary liability against the Cardholder or the Billing Official, or both; and suspension of an individual's access to classified information.

4. The Department of Defense (DOD) Financial Management Regulations, reference 1.b, and the Army's GPC SOP, Reference 1.d, require an investigation into allegations of erroneous GPC payments. This Policy Memorandum supplements that guidance by requiring investigations into allegations of other misuses of the GPC. Although allegations of other misuses of the GPC shall be investigated, pecuniary liability only attaches when an erroneous payment has occurred.

a. Upon identification of an alleged erroneous GPC payment or other apparent misuse of the GPC, the responsible Commander or Director shall ensure an appropriate investigation is conducted to determine whether an erroneous payment or other misuse of the GPC has occurred and the facts and circumstances surrounding that misuse.

b. Investigations shall be conducted using Service specific procedural regulations. Units and activities shall follow guidance in the DOD Financial Management Regulations, reference 1.b, in determining whether to hold a Billing Official (certifying officer) or a Cardholder (accountable officer) pecuniarily liable for erroneous payments.

c. A copy of all completed investigations will be provided to the Director of Contracting.

5. The Director of Contracting, USACCK, is responsible for the administrative and technical oversight of the GPC program within USFK and for taking appropriate remedial action upon report of GPC misuse. Appropriate remedial action includes, but is not limited to, temporarily suspending a Billing Official's or Cardholder's GPC account or permanently terminating their GPC account. The Director of Contracting will consider requests from Commanders and Directors to restore accounts or a Billing Official's or Cardholder's authority upon review of the information in subparagraphs (1) – (4) below. The Director of Contracting will notify the Commander or Director of his final determination in writing. If appropriate, a reinstatement of the account will be issued at that time.

(1) Actions taken by the Command to prevent future misuse, which may include taking administrative or punitive action if this situation so dictates.

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- (2) The findings and recommendations of the investigation into the misuse;
- (3) Comments on the request to reinstate an account from external reviewing officials who identified the misuse; and,
- (4) Evidence of repayment or collection of improper payments or repayment of unauthorized purchases.

6. Surveillance and oversight of the GPC program is a shared responsibility. All stakeholders in the program have a role in ensuring that the GPC is used in a proper manner to execute authorized and necessary official purchases.

a. The Principal Assistant Responsible For Contracting (PARC) is responsible for the overall establishment and operation of the Government Purchase Card program for USFK.

b. The Director of Contracting, USACCK, is responsible for the administration and technical execution and oversight of the GPC program. This responsibility includes determining the status of an account and the authority of Billing Officials or Cardholders who have misused the GPC. The Director of Contracting will receive and review all unit quarterly reviews.

c. Unit commanders (O-6 and above) and directors are responsible for establishing internal management controls for their GPC program, conducting account reviews, investigating GPC misuses, and determining the appropriate discipline for individuals who misuse the GPC.

(1) Unit commanders (O-6 and above) and activity directors will establish and implement written internal management controls to ensure use of the GPC is consistent with applicable program guidance. At a minimum, the management controls will mirror guidance from Appendix G, Sample Unit SOP for GPC Program and Attachment 9, GPC Billing Official's Monthly Review Checklist, from reference 1.e; and sections A (Review of Billing Official Account) and B (Review of Cardholder Account) in Appendix E from reference 1.d. Units and activities may create stricter management controls than required in the cited guidance documents.

(2) Unit commanders (O-6 and above) and activity directors will use internal management control procedures to conduct quarterly internal account reviews to ensure unit practices comply with the local GPC guidelines. A commander's or director's responsibility to conduct quarterly account reviews is separate from a billing official's responsibility to review all cardholder transactions and certify payment of the billing statement on a monthly basis. Commanders and directors are responsible for

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addressing problems identified in their GPC programs and for revising internal management controls as necessary to ensure their effectiveness. Units and activities will maintain copies of all internal reviews in their records and submit copies of all reviews to the Director of Contracting, USACCK. In addition to internal reviews, units and activities will be subject to account reviews by external agencies, such as the USACCK GPC Program Office, Internal Review Office, or Resource Management Office, to name a few.

(3) If a reviewing official discovers an apparent misuse of a GPC, the reviewing official shall request the Billing Official and/or Cardholder to provide justification, clarification, and other documents to rebut the apparent misuse. If the misuse is sufficiently rebutted, the reviewing official shall prepare a report describing the apparent misuse and the information that was provided to rebut that concern. If the misuse is not sufficiently rebutted, the reviewing official shall notify, in writing, the appropriate Commander or Director of the person(s) under review. The Commander or Director will investigate the apparent misuse using the guidelines in paragraph 4 above. If the apparent GPC misuse appears substantial or far-reaching, it may be appropriate for the Commander or Director to ask for criminal investigative assistance. The reviewing official shall also notify the Director of Contracting, USACCK, in writing, who will determine whether to suspend the affected account.

7. The command point of contact is Mr. Robert Rivera at 724-6117.

A handwritten signature in black ink, appearing to read "Charles C. Campbell", with a large, sweeping loop at the end.

CHARLES C. CAMPBELL
Lieutenant General, USA
Chief of Staff

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A

Management Controls Process Checklist for the Government Purchase Card (GPC) Program
Proponent Agency is ACoFS, G4, 19th TSC.

Unit Reviewed:

Billing Official/Cardholder Reviewed:

Reviewer/Phone Number:

Period of Review:

Note: Answers must be based on the evaluation of key management controls (e.g., direct observation, document analysis, sampling, etc.). Answers that indicate deficiencies must be explained and corrective action indicated in supporting documentation.

1. Review of Billing (Approving/Certifying) Official Accounts.

a. Does the Billing Official (BO) have the following documents on file?

(1) Letter of Appointment which designates him/her as a BO.

Response: YES_____ NO_____ NA_____

Remarks:

(2) Appointment as Certifying Officer with DD Form 577.

Response: YES_____ NO_____ NA_____

Remarks:

(3) Defense Acquisition University (DAU) Course Completion Certificate.

Response: YES_____ NO_____ NA_____

Remarks:

(4) List of all cardholders including their account numbers and authorized expenditure limits (single and monthly) they are responsible for.

Response: YES_____ NO_____ NA_____

Remarks:

b. Is the BO's supervisor(s) a Cardholder (CH) in any of the BO's accounts?

Response: YES_____ NO_____ NA_____

Remarks:

c. Has the BO ensured that unit internal procedures are established including budget, supply requests, property accountability procedures, restricted purchases, and internal management controls?

Response: YES_____ NO_____ NA_____

Remarks:

d. Does the BO verify that taxes were not charged (or ensure efforts to recover taxes by/from merchants have been initiated)?

Response: YES_____ NO_____ NA_____

Remarks:

e. Did the BO verify that CHs purchased any of the following items without written authorization from appropriate Eighth Army/USFK authority: Award Type Items (coins/plaques/trophies/similar items), Flags, Guidons, Streamers, Tabards, Military Uniforms and Heraldry Item, Class One Ozone Depleting Substances, Hazardous Materials, Computers/Communication Equipment/other ADPE, Mail, Printing/Copying Services, Bottled Water, Korean Manufactured Furniture/Carpet, Facilities/Ground Maintenance, Construction Services, and Business Cards?

Response: YES_____ NO_____ NA_____

Remarks:

f. Did the BO verify that CHs follow the procedures to resolve problem for disputing transactions?

Response: YES_____ NO_____ NA_____

Remarks:

g. Does the BO certify and process the monthly billing statement within five workdays of the close of the billing cycle?

Response: YES_____ NO_____ NA_____

Remarks:

h. Does the BO retain a copy of certified billing statement report with all supporting documents for 75 months?

Response: YES_____ NO_____ NA_____

Remarks:

i. Did the BO promptly notify the Agency/Organization Program Coordinator, USACCK (A/OPC) when a CH departs, retires, or otherwise no longer needs a card?

Response: YES_____ NO_____ NA_____

Remarks:

j. Has the BO submitted a written report to the A/OPC of any lost/stolen cards within five workdays of the loss/theft?

Response: YES_____ NO_____ NA_____

Remarks:

k. Does the BO maintain original supporting documentations for closed CH accounts?

Response: YES_____ NO_____ NA_____

Remarks:

l. Did the BO verify the non-expendable/durable items purchased properly accounted for on hand receipts/DA Form 2062?

Response: YES_____ NO_____ NA_____

Remarks:

m. Does the BO ensure that all purchases are approved in advance and in writing by the BO?

Response: YES_____ NO_____ NA_____

Remarks:

n. Has an adequate CH: BO ratio been maintained (no more than 7 CHs under a BO)?

Response: YES_____ NO_____ NA_____

Remarks:

o. Does the BO ensure CHs maintain the Purchase Log in Customer Automation and Reporting Environment (CARE)?

Response: YES_____ NO_____ NA_____

Remarks:

p. Does the BO maintain copies of corrective action taken on deficiencies noted during previous inspections on file?

Response: YES_____ NO_____ NA_____

Remarks:

q. Is the BO also a CH, Resource Manager, Property Book Officer, and/or Hand Receipt Holder unless BO obtains written permission from the USACCK (duties must be separate from each other)?

Response: YES_____ NO_____ NA_____

Remarks:

r. Does the BO ensure that three independent quotes have been obtained in writing for any purchase over \$2,500 (this only applies to CHs who have specific authority to exceed the \$2,500 micro-purchase limit)?

Response: YES_____ NO_____ NA_____

Remarks:

s. Does the BO complete and maintain the GPC Program BO's Monthly Review checklist?

Response: YES_____ NO_____ NA_____

Remarks:

2. Review of CH Accounts.

a. Does the CH have a letter delegating specified procurement authority from the USACCK Director of Contracting?

Response: YES_____ NO_____ NA_____

Remarks:

b. Does the CH maintain the DAU Course Completion Certificate?

Response: YES_____ NO_____ NA_____

Remarks:

c. Has the CH received refresher training and/or materials on the GPC program changes?

Response: YES_____ NO_____ NA_____

Remarks:

d. Does the CH know and comply with their monthly spending limits?

Response: YES_____ NO_____ NA_____

Remarks:

e. Are all purchases entered in the CARE purchase log?

Response: YES_____ NO_____ NA_____

Remarks:

f. Did the CH obtain all required pre-purchase approvals and authorizations?

Response: YES_____ NO_____ NA_____

Remarks:

g. Are the CHs monthly spending limits justified by their buying activity?

Response: YES_____ NO_____ NA_____

Remarks:

h. Were any unauthorized or improper purchases made by the CH? (If answer is Yes, describe in "Comments" at the end of this review.)

Response: YES_____ NO_____ NA_____

Remarks:

i. Did the CH allow others to use his/her card?

Response: YES_____ NO_____ NA_____

Remarks:

j. Did the CH make any split purchases to stay within the single purchase limit?

Response: YES_____ NO_____ NA_____

Remarks:

k. Did the CH rotate sources when placing repeat orders?

Response: YES_____ NO_____ NA_____

Remarks:

l. Is competition achieved by documenting prices from three independent vendors for purchases exceeding \$2,500?

Response: YES_____ NO_____ NA_____

Remarks:

m. Did all nonexpendable items have a DD Form 250 at the Property Book or DA Form 2062 at the unit level?

Response: YES_____ NO_____ NA_____

Remarks:

n. Did the CH document all transactions that posted to the Statement of Account but were not received and utilize a tracking system to verify subsequent delivery?

Response: YES_____ NO_____ NA_____

Remarks:

o. Does the CH maintain a copy of the Statement of Account with all supporting documentations?

Response: YES_____ NO_____ NA_____

Remarks:

p. Does the CH submit a Cardholder Statement of Questioned Item to I.M.P.A.C. Card Service of U.S. Bank, if there is any discrepancy with the Statement of Account within 60 days?

Response: YES_____ NO_____ NA_____

Remarks:

q. Does the CH reconcile all transactions and approve the Statement of Account within three workdays of the end of cycle?

Response: YES_____ NO_____ NA_____

Remarks:

r. Does the CH reconcile transactions throughout the billing cycle?

Response: YES_____ NO_____ NA_____

Remarks:

s. Does the CH use the reallocation feature of CARE properly?

Response: YES_____ NO_____ NA_____

Remarks:

t. Have CHs who make purchases that exceed \$2,500 at any one time or \$100,000 in a twelve-month period received mandatory annual ethics training by supporting Staff Judge Advocate (SJA) office and filed OGE Form 450 (Confidential Financial Disclosure Report)?

Response: YES_____ NO_____ NA_____

Remarks:

u. Is there evidence that mandatory sources of supply have been checked before making purchases from the open market?

Response: YES_____ NO_____ NA_____

Remarks:

v. Does the CH avoid Middle-man contractors for all purchases?

Response: YES_____ NO_____ NA_____

Remarks: